

OPENING REMARKS AT HEARING ON PART D IMPLEMENTATION

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U.S. Representative Pete Stark (D-CA), Ranking Democrat on the Ways and Means Health Subcommittee, delivered the following opening remarks at today's hearing on implementation of the Medicare prescription drug benefit.

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Representative Pete Stark, Ranking Member

WASHINGTON, DC

— U.S. Representative Pete Stark (D-CA), Ranking Democrat on the Ways and Means Health Subcommittee, delivered the following opening remarks at today's hearing on implementation of the Medicare prescription drug benefit:

"I'd like to start by thanking Chairman Johnson for finally holding this hearing. As I seem to be saying often these days: Better late than never.

The Medicare prescription drug program is forecast to cost approximately \$1 trillion over the next decade. So far, what does it look like we've gotten for our money? Not much. It was supposed to provide a drug benefit to everyone on Medicare and save them money. That simply hasn't happened.

Once again, the Bush Administration is manipulating numbers and parsing sentences to sell its policy. CMS will declare victory when they tell us that more than 30 million people now have prescription drug coverage under Medicare or through a former employer and that nearly six million more are covered elsewhere. But they won't tell you that they've lowered their goal by some 10 million people — from 41 million at the time of enactment to just 29-31 million as of Monday -- so that they can claim success, and padded the numbers. Once again, it's a mission accomplished, when the battle hasn't been won yet.

And they won't tell you that about 75 percent (27 million) of the 36

million) of the people they take credit for already had coverage before Part D went into effect — or that a substantial number of them had better coverage under their old programs. Nor will they highlight that they are taking credit for millions of people whose coverage is unrelated to and unaffected by Part D, including military and other federal retirees, veterans and people like me who are still working with employer-sponsored coverage.

In fact, the reality is that fewer than 20 million people are currently enrolled in Part D and an additional 6.8 million are in employer plans subsidized by Medicare. Only about 9 million of the 20 million have voluntarily enrolled in new coverage, and even some of those previously had Medigap coverage.

Even more alarming is the lack of discussion in 37 pages of CMS testimony about the characteristics of the 7+ million who remain uncovered. We need to know who they are and how best to find them if we are to succeed. I believe most of those who are not enrolled are the very people for whom MMA proponents claimed the law was intended — those with limited incomes who did not have prior coverage.

As mentioned, some people have been newly covered under the law, and that's good. After all, it would be virtually impossible to spend close to \$1 trillion and not help anyone. But I am very concerned that we've created this enormous, complicated, inefficient program that's eroded coverage for many of our most vulnerable populations and still not achieved the original goal of securing coverage for all.

Millions of people covered by Medicare and Medicaid, the so-called dual eligibles, pay more today and are in plans that cover fewer medications relative to Medicaid. These are the people who are least able to afford this cost-shift. Still others have seen their retiree coverage evaporate with the advent of Part D as former employers took the new program as an invitation to drop coverage, leaving their retirees to seek inferior coverage through the private plans.

A recent survey by the Medicare Rx Network — a group financed in part by the pharmaceutical companies — found that one out of five Medicare beneficiaries now pay more for their medications than they did before the law went into effect. More than 1/3 of beneficiaries surveyed also reported that they still have to skip medicines or reduce doses, despite the new coverage.

These are perverse, perhaps unanticipated, outcomes, but that's what happens when you negotiate in secret and follow the biddings of the pharmaceutical and insurance industries.

I do want to take this opportunity compliment CMS for several recent improvements. They've extended the enrollment deadline for people who are subsequently qualify for limited-income subsidies. They've also prohibited plan formulary changes from affecting medications their

enrollees are currently taking. These are important changes, and they will help. But, more is needed.

I realize the Chair and others are not yet ready to do what we really need — a drug benefit in Medicare that would require the government to negotiate substantially lower drug prices for Medicare beneficiaries, as we do for veterans today. That's what America's seniors and people with disabilities want and deserve, and I believe we will ultimately get there. Today, I'm only asking for modest change — to delay the May 15th enrollment deadline and corresponding financial penalty.

CMS will tell us that the May 15th deadline is important because healthy people won't enroll without a deadline. We agree that a deadline is ultimately necessary, the only question is whether May 15th is the appropriate date given all of the confusion, complexity, and errors that have plagued implementation of the Part D benefit.

I'd like to insert in the Record a new report released today from the Government Accountability Office that quantifies real deficiencies in the 1-800 Medicare line, the Medicare website and a number of key written materials produced by CMS. These are the fundamental tools used by beneficiaries and others to guide the decision-making process. America's seniors and people with disabilities should not be penalized for the government's failures.

That's why we so strongly urge the Administration to use its authority to extend the May 15th deadline, and the corresponding late enrollment penalty, through the end of the year. Doing so at this late hour would achieve the goal of having a deadline to hasten enrollment, but not penalize those who have not been reached, were misinformed or otherwise couldn't navigate the system.

As the non-partisan Congressional Budget Office analysis shows, this change would increase enrollment by about 1 million more people this year and lower penalties for approximately 7.5 million Medicare beneficiaries. It's the right thing to do.

I look forward to today's testimony and discussion."